LOUISIANA TECHNOLOGY INNOVATION FUND
Proposal Submitted by Louisiana Economic Development

I. PROJECT TITLE

The Louisiana Virtual Entrepreneurial Network

II. PROJECT LEADER

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III. EXECUTIVE SUMMARY

Louisiana Economic Development (LED), in partnership with The Idea Village, is submitting this request for a project intended to create a Virtual Entrepreneurial Network (VEN). Based on best practices from Minnesota and others, the VEN's unique combination of entrepreneurial networks and virtual online tools builds customized development plans for entrepreneurs, connecting them to the appropriate existing resources in the public, private, non-profit and academic sectors. This allows for more efficient and business stage-appropriate linkages to potential service providers, advisors, and business partners. The Louisiana Virtual Entrepreneurshial Network will make it easier for Louisiana entrepreneurs to find resources and partners while starting up. It will also provide Louisiana Economic Development and state's universities through the Board of Regents a means of simplifying service and information delivery to entrepreneurs. Working together, LED, statewide universities, communities, individuals, and organizations can use tools based on the Idea Village model to mobilize public, private, and non-profit sector resources in and outside of Louisiana to help entrepreneurs accelerate the growth of their business. *Louisiana: Vision 2020* recognizes that universities provide a critical role in economic development, especially regarding business creation, which is why the Board of Regents is a critical partner that benefits from this project. The Louisiana Virtual Entrepreneurship Network seeks to spur entrepreneurship and streamline small business development in communities across Louisiana.

IV. DESCRIPTION OF THE PROJECT

A. Project Narrative

What is Ideavillage.org?

The Louisiana Virtual Entrepreneurial Network, managed through Ideavillage.org, is an online tool that will connect Louisiana entrepreneurs with the resources needed to grow their business. By using profiling technology, we will be able to match users to resources based on location, industry, significant demographic characteristics, and stage of business development.

- Ideavillage.org matches an entrepreneur's registered profile to resources in their area
- It will have interactive business and marketing plan templates
- There will be a business development task checklist - so they can keep track of what they need to do next in their business development
- A large database that can handle queries that push info back to get them to the right place at the right time in their business development process
- A place for entrepreneurs to assess themselves, their community, and their entrepreneurial readiness
- A place to create an electronic "Portfolio" (checklist and content management tool) to hold and keep track of the documents and processes they will need when they visit with regional and local small business support organizations

What it is not:

The VEN does not replace or duplicate existing services already available to entrepreneurs and small businesses. In fact, it gets them to the service provider at the right time at the right place according to their stage of business development.

Who is it for?

- Individuals wishing to start or grow business enterprises in Louisiana
- Communities wanting to have in place the environment and resources to cultivate entrepreneurship
- Service providers wanting to more effectively target their resources and service

What are the expected outcomes?

While outcomes may evolve with the times and the resources at hand, the proposers expect that

- The online portal and local community organizing creates a clear path of development for entrepreneurial activity (small business creation and growth)

- Use of on-line pathways helps business development and resource organizations direct their services more effectively and efficiently

- Use of online tools for small business development spurs increased market demand for and sustainability of advanced technology services in local communities

What will signify success for the Virtual Entrepreneurial Network?

- Louisiana will have an online entrepreneurship portal with assessment tools, profiles and portfolio functions to help its registered users keep track of their accomplishments and the steps ahead

- Community organizing --- that Louisiana will value both the online tools of the VEN, and the offline advantages of the "coffee shop" gathering places for entrepreneurs to informally network both as communities of place and communities of interest

Small business leaders will use advanced communication tools such as high-speed Internet from the very beginnings of their business development and throughout their business process. They will use it because it will prove useful and productive as a research and business tool, and it will save them time and money. By being leaders in their community in this arena, they will become the anchor tenants in a diversified mix of communications users, providing a strong and formidable market base for sustained investment in advanced communications networks in their community, region, and statewide.

Project Significance

The VEN will serve as a replicable model for providing online, virtual support to small businesses trying to thrive in urban and rural communities, particularly those areas that seek to increase the rate of business start-ups and diversify their economic base. Small businesses create most of the new jobs in Louisiana and in the country. This project seeks to accelerate the creation and growth of small businesses to help diversify and sustain the state's economy and build interdependent and strengthening linkages between urban and rural communities.

Via the virtual tool, ideavillage.org, the VEN will connect entrepreneurs to the extensive resources available but often physically distant in academia, the private and non-profit sectors, and in government. Many of these resources provide services on-line. They also encourage e-business implementation and build know-how for business-to-business and business-to-consumer e-commerce. By making these connections, the VEN project will spur demand for the use and continued build-out of advanced voice, video, data and Internet tools as a way to sustain and grow the evolving economic and social environment.

Project Partners

Louisiana Economic Development and The Idea Village propose to partner with all public and private universities in Louisiana through the Board of Regents. In fact, The Idea Village already has cooperative endeavor agreements with the University of New Orleans, Louisiana State University Health Sciences Center, and Tulane University. The Virtual Entrepreneurial Network will also work in partnership with the state Small Business Development Center (SBDC) network. It is anticipated that the VEN will engage with the Department of Labor's statewide One-Stop Offices throughout the state.

B. Use of Innovative Technology

The VEN innovative in that it provides a useful database of information and delivers it directly to the end user. There is currently nothing available to

entrepreneurs in Louisiana of this magnitude, nor is there anything that links the current available services and providers together. It is significant to note that the project is web-driven, therefore it's accessible to any entrepreneur, no matter their geographic location. Moreover, the video conferencing, email and on-line conferencing capabilities make it a cost-effective way to promote business development both within the state and outside of it.

C. Multi-agency Application or Portability to Other Agencies

The proposed project will complement existing programs around the state, including incubators and Small Business Development Centers by giving them a tool to facilitate their own networks and linking them with different resources in other regions of the state to which they might not otherwise have access. The proposers plan to engage all public and private universities in Louisiana. The Idea Village has, in fact, already entered into cooperative-endeavor agreements with the University of New Orleans, Louisiana State University Health Sciences Center, and Tulane University. The City of New Orleans One-Stop Office, as well as other regional One-Stops and Department of Labor offices, will also be engaged in the proposed activities.

D. Benchmarking Partners and/or Best Practice References

The Minnesota Rural Partners: The Virtual Entrepreneurial Network program represents a similar successful model of technological innovations enhancing entrepreneurial development. In October 2001 Minnesota Rural Partners, Inc. received a three-year, $526,013 grant from the U.S. Department of Commerce, Technology Opportunities Program, to create the Virtual Entrepreneurial Network. The project had three purposes:

1. Strengthen Rural America through Entrepreneurship
2. Assist at least three states to evolve a stronger environment for supporting rural entrepreneurship;
3. Create and support a national learning community on rural entrepreneurship.

Minnesota formed the Rural Entrepreneurship Academy with existing entrepreneurs and community and economic development leaders. It set out to identify gaps in the development cycle for entrepreneurs and suggest policy directions for state, regional and local policy leaders. They endeavored to help private sector businesses, nonprofit organizations, and foundations take concrete steps towards increasing entrepreneurship in Minnesota. The Academy examined Minnesota's strategies in this arena to see if the state had the culture that supports a "cycle of entrepreneurship." Their conclusions pointed towards a need to better focus resources around four critical areas: capital, technical assistance, physical infrastructure, and culture & education.

In particular there was a need to help people define the ladder of stages for entrepreneurs and small businesses and target help accordingly. The Virtual Entrepreneurial Network was an outcome of the Rural Academy work. It was proposed as a way to use technology tools and old-fashioned on-the-ground community organizing to build an information-rich environment for would-be entrepreneurs and communities alike. It aimed to organize much of the needed assessment tools and intervention referrals online, to push people to the right place at the right time in their development stages, armed with enough information to help both clients and their business service providers make the most of face-to-face time and talents.

E. Long-Range Planning

Department of Economic Development – long-range planning and technical direction

F. Performance Goals

The overall goal of The Virtual Entrepreneurial Network is to create a virtual business accelerator model for the State of Louisiana. The success of this project will be measured by monitoring the following performance indicators:

- Number of inquires received
- Number of businesses registered
- Number of service providers registered
- Number of service hours provided

While this project will primarily be a tool to encourage business growth and development, it will be insightful to track the number of business activities successfully started. The Entrepreneurship Centre, sponsored by the City of Ottawa, the Ontario Ministry of Enterprise and other business partners, received approximately 21,000 inquiries from over 5,000 entrepreneurs in their first year. They were able to determine that 2,161 of these clients successfully started business activities, providing more than 1,500 new jobs, developing over $37M in business investment, and generating over $74M in reported sales.

G. Technical Approach

Technical description
The hardware will be a single system (one machine), or several smaller machines working in tandem. The later provides for a fair amount of flexibility, having one machine serve as the database server and the others serving web pages (load balanced so they are more responsive). An example of the later setup would be between 5 and 8 Sun Fire V100's (http://www.sun.com/servers/entry/v100/index.html).

A hosting facility would be required locally (such as CommTech) to house the machines and provide the connection to the internet. They would, as part of the deal, be responsible for day-to-day physical maintenance of the system, such as ensuring power supplies, troubleshooting internal problems, etc. In addition, a system administrator should handle maintenance of the machines from a computing standpoint.

- This system will be self-contained, meaning not dependent on other machines (or data sources) to handle it's mission. All the data necessary to drive the site, including knowledge bases, vendor listings, forums, etc. will be hosted from this system. The responsibility for maintaining and updating this data is part of proposed project.
- As needed, more machines can be added to the cluster to handle increased load, if necessary. In addition, the site will be designed in a modular fashion, allowing the whole site (or distinct pieces) to be installed in separate locations, as needed or desired (e.g., a clean installation for a new client/state, or distributing of responsibility for functions to separate sub-sites within a state).
- UNIX or UNIX-like systems are ideal (as the Sun systems above) due to stability, scalability, security, and interoperability. While the software will be developed with an eye towards portability, UNIX systems are time-tested in the realm of web and database servers.

Interoperability
This will be a website, or network of websites, so interaction with other systems will be non-existent. It can incorporate links/sharing with existing systems if deemed necessary. In the development of the system, Open Source software and solutions will be preferred. If an existing application exists which can fit a need, that system will be evaluated and incorporated, as deemed appropriate. Examples include MySQL or PostgreSQL for the backend database, the use of Perl, PHP, or similar programming languages, one of the many message forums (such as phpBB, Phorum, etc.). This will shorten the development cycle, reduce costs, and allow tested, proven solutions to be preferred over untested systems. In addition, as these are open systems (the layouts and code base are available to the public), this provides for the longevity of the data collected and the ability to manipulate that data.

Scalability
As mentioned above, for singe installations, more servers can be purchased and added to the cluster to handle increased load. In addition, the software is being developed to be distributed for installation on other systems.

Maintaining the System
The day-to-day physical maintenance of the system would be the responsibility of the hosting facility. An administrator for computing side will be necessary, to troubleshoot problems, maintain/patch/upgrade the software as necessary, etc. This would not be a full time position. It's most likely more necessary to have somebody who can be on call for problems, and dedicate several days a month for regular maintenance/backups/etc.

H. Implementation Approach

Stage 1– *September 2003 to January 2004 - Development* - will include the building of the ideavillage.org web site and database, with testing by partner Entrepreneurial Community Clusters located in each economic development region of the state. The project will also be securing the commitment of small business development resource providers.

Stage 2 – *January 2004 to July 2004 - Implementation* - will showcase the public use of and feedback on the Ideavillage.org. Training to use the system will be developed and distributed. The content management process will be tested and evaluated. Special attention will be given to testing the system for sustainability beyond the three-year project period. Research will monitor the relationship of IV's presence in a community to the levels of market demand for advanced communications technology.

I. Assessment of Risks

The greatest threat to the success of this program is the risk that potential entrepreneurs will not use it or will not find its resources valuable. This proposal is designed only to provide for connectivity – agencies and other partners will have to promote and encourage use of the resources if the project is to impact business development. Another risk will involve the project's scalability – i.e., determining what will be the potential capacity for information storage and accessibility. And, finally, updating the current technology on an annual basis will be a challenge that will need to be addressed.

J. Integration with Existing Technologies

Simply put, the proposers envision this network as "google" for entrepreneurs in Louisiana. Currently the Idea Village program consists of a website, a small staff and a network of entrepreneurs, mentors and support organizations – but only in the New Orleans region. This investment is going to create a tool, databases and a statewide model for creating similar networks in other regions, linked across the state.

Funding for this project will allow the Idea Village to readdress the architecture of the current Web site to allow for multiple locations (affiliates) and giving tiers of administrative access to affiliates to allow for multiple points of tiered local control. This is much different from the current, single city design.
The redesign will entail:

- Going from a small audience to a statewide audience. Fundamentally different architecture to handle the traffic and usage from a city wide portal to a statewide portal
- Upgrade the security measures to assure entrepreneurs ideas are protected. Because the majority of work will become more virtual, the security must be improved because of the higher level of importance and throughput.
- Develop and integrate a web-based videoconferencing and presentation solution to connect

Users will enter and register with the VEN through the ideavillage.org gateway. Once registered, VEN will offer users –both individuals and communities -- self-assessment tools and other interactive technology that can push coordinated and timely information based on their preferences, business locations, and stage of business development. This allows for more efficient and business stage-appropriate linkages to potential service providers, advisors, and business partners. Working together, communities, individuals, and organizations can use the VEN tools to mobilize public, private, and non-profit sector resources in and outside of Louisiana to help small businesses grow.

K. Project Budget and Costs

1. Equipment

EQUIPMENT

Personal Computer. One (1) personal computer will be installed at The Idea Village for a multi-media center for creation of content for education of entrepreneurs. Cost $3,000.

Network Server. (5) The Sun Fire V100 server will be located at the hosting facility. The server will be the repository of the local information files and will manage the electronic mail communication among the sites. The server will be configured with MHz or 650 MHz UltraSPARC® IIi processor, up to 2 GB of memory, and 512 KB of Level 2 cache. Cost: $10,000.

Video recorder. ***DCRTRV350 Digital8® Handycam® Camcorder with Free Carrying Case*** *Cost: $500*

Digital Camera. ***MVC-FD200 FD Mavica® Digital Camera with 100 Free 4x6" ImageStation Prints MVCFD200KITIS*** *Cost: $500*

Cost Summary:

Item	*Quantity*	*Unit Price*	*Total*
Personal Computer	*1*	*$ 3,000*	*$3,000*
Network Server	*5*	*$2,000*	*$10,000*
Video recorder	*1*	*$500*	*$500*
Digital Camera	*1*	*$500*	*$500*
Total			***$14,000***

2. Software

SOFTWARE

Software package for Multimedia center. Includes fees for license, installation, and one-year maintenance for Microsoft Office suite, Photoshop, Dreamweaver, and other multimedia packages to create streaming media (audio and/or video) over the web. Cost $4000.

Web-Ex: Annual contract for delivery of online presentations, online training programs, conferences. Cost $3000 for single license, installation, and one year support.

Cost Summary:

Item	*Quantity*	*Unit Price*	*Total*
Software package for Multimedia center	*1*	*$4,000*	*$4,000*
Web-Ex	*1*	*$3,000*	*$3,000*
Total			***$7,000***

3. Professional/Contracted Services.

PROFESSIONAL SERVICES

Systems Development Contract. Professional services will be required to design, program, and implement the proposed Idea Village entrepreneur portal. It is estimated that 1,026 hours of consulting services at $75/hr will be required.

Research: Professional services will be required to research other models around the country
Cost: $25/hour 400 hours

Database development: Professional services will be required to research and build databases of relevant and useful resources for entrepreneurs to utilize for the creation of business.
Cost: $20/hour 500 hours

Development of Standard Operation Book: Professional services will be required to write an operations manual for cities, regions, states or countries to create an Idea Village model in their community. This will include a written report and CD-Rom
Cost: $50/hour 400 hours

Cost Summary:

Item	*Quantity*	*Unit Price*	*Total*
Systems Development Contract	*1,293*	*$75/hr*	*$97,000*
Research	*400*	*$25/hr*	*$10,000*
Database development	*500*	*$20/hr*	*$10,000*
Development of Standard Operation Book:	*400*	*$50/hr*	*$20,000*
Total			***$137,000***

4. Other

OTHER COSTS

Website Hosting. During the first year of project, the website will be hosted and maintained at a Louisiana based company.

Cost Summary:

Item	*Quantity*	*Unit Price*	*Total*
Hosting	*12 months*	*$200*	*$2,400*
Total			***$2,400***

V FUNDING REQUESTED

FUNDING REQUESTED

Other Sources: The Idea Village has raised over $500,000 from private sources and $500,000 from The City of New Orleans to research the model and execute in the New Orleans region. These funds will allow The Idea Village to create a technology platform that can be utilized by all citizens of Louisiana and licensed to cities, parishes, and regions for the creation of infrastructure to help entrepreneurs and those who believe in them accelerate the growth of early stage businesses.

Funding Category	*Total Cost*	*Other Sources*	*Funding Requested*
Equipment	*$14,000*	*0*	*$14,000*
Software	*$ 7,000*	*0*	*$ 7,000*
Professional Services	*$ 137,000*	*0*	*$137,000*
Other	*$2,400*	*0*	*$2,400*
Total	***$160,400***	***0***	***$160,400***

V. COST/BENEFIT ANALYSIS

When considering the cost/benefit of the proposed project, it is instructive to look at a similar state-funded technology program, Pennsylvania's Ben Franklin Technology Partners (BFTP). BFTP has invested in more than 2,500 companies since its first direct equity placement in 1989; 76 percent of the deals were with companies employing less than 50 people at the time of the initial BFTP investment. The results of these investments are impressive:

- Every public dollar invested through BFTP returned almost $23 in additional income in the state.
- The state has collected more than $400 million in additional tax revenue as a direct result of BFTP, at least $91 million more than the state invested. The study estimated the present value of additional state tax receipts per dollar of state investment in BFTP to be $1.15.
- Average annual salaries at BFTP clients are 28 percent more than the average annual salary for all private, non-farm industries in Pennsylvania.
- BFTP investments, in aggregate, generated 35,579 additional job-years in client firms between 1989 and 2001. "On average, BFTP clients employed three more people in each year following funding than they would have in the absence of the BFTP investment."
- Through multipliers to assess the indirect effect of the direct benefits of the program, BFTP can be said to have indirectly resulted in the creation and sustenance of 57,526 additional job-years. The net total result of 93,105 job years generated yields an average cost per job of $3,342 for state taxpayers, the study argues. [Although it could be argued that since the program directly results in a net growth in tax revenues, the true cost to the taxpayers is zero.]

According to an independent impact analysis, the above figures mean that a $311 million public investment resulted in 23 to 1 return, which translates into a $7.9 billion impact on the Pennsylvania economy.

VI. SIGNED STANDARD FORM

ATTACHMENTS